

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
GEPS 3 (MC2010-28)
Negotiated Service Agreements

Docket No. CP2017-16

ORDER APPROVING MODIFICATION TWO TO GEPS 3
NEGOTIATED SERVICE AGREEMENT

(Issued January 5, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 3 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

On December 19, 2017, the Postal Service filed a motion for temporary relief seeking a contract extension, stating that it had sent to the customer a proposed modification that would similarly extend the contract, and would file that modification

¹ Notice of the United States Postal Service of Filing Modification Two to Global Expedited Package Services 3 Negotiated Service Agreement, January 4, 2018 (Notice). The modification is an attachment to the Notice (Modification).

once it was signed.² On December 20, 2017, the Commission granted the Postal Service's motion for temporary relief.³ On January 4, 2018, the Postal Service filed the Notice that it has agreed to the Modification to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modification changes the expiration date of the contract to February 28, 2018. Notice at 1. This is the same date to which the Commission extended the expiration date when it granted the Postal Service's Motion. See Order No. 4291 at 2.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

² Motion of the United States Postal Service for Temporary Relief Concerning Global Expedited Package Services 3 Negotiated Service Agreement, December 19, 2017 (Motion).

³ Order Granting Motion for Temporary Relief, December 20, 2017 (Order No. 4291).

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Existing Agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble
Secretary